

Bay-Arenac ISD
4228 Two Mile Road
Bay City, MI 48706
(989) 667-3232

Request for Proposal
Audit Services
For the Years Ending June 30, 2009, 2010 and 2011

December 16, 2008

GENERAL CONDITIONS

The Bay-Arenac ISD is soliciting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal years ending June 30, 2009, 2010 and 2011. The district reserves the right to extend the minimum three-year contract based on satisfactory performance of audit services.

The following Request for Proposal (RFP) is being provided to you for your consideration. To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in this RFP.

Bruce Curtiss
Director of Administrative Services
Bay-Arenac ISD
4228 Two Mile Road
Bay City, MI 48706

Completed proposals must be received at the address noted above by 2:00 p.m. on Wednesday, February 4, 2009. Proposals must be submitted in a sealed envelope that is clearly marked "AUDIT PROPOSAL". Proposals submitted by facsimile will not be accepted. All proposals will be opened at the specified time and will be read aloud. The public is welcome to attend this bid opening.

Although cost will be an important factor in awarding the contract, the school district is not obligated by any statute or regulation to award the purchase of audit services solely on the basis of cost. Accordingly, the school district reserves the right to evaluate all proposals objectively and subjectively and to accept or reject any or all proposals or portion thereof. Additionally, the district reserves the right to negotiate changes in services with the firm determined to have submitted the proposal that is in the best interest of the district. (See *Method of Evaluating Proposals* on page 8.)

It is to be understood that this RFP constitutes specifications only for the purpose of receiving proposals for services and does not constitute an agreement for those services. It is further expected that each bidder will read these specifications with care. Failure to provide requested information or meet certain specified conditions may invalidate the proposal(s).

The information contained herein is believed to be accurate, but is not to be considered in any way as a warranty.

All questions and correspondence should be directed to Bruce Curtiss at the address noted above or by telephone. In order to assure consistency of information provided regarding this RFP, contact with Bay-Arenac ISD personnel other than Mr. Curtiss is discouraged and may be grounds for elimination from the selection process.

WITHDRAWAL OF PROPOSALS:

Proposals shall remain valid for a period of sixty (60) days after submission. Modifications to proposals will not be accepted by the district, except as may be mutually agreed upon following the acceptance of the proposal.

TIME TABLE:

1. Release of RFP on or about December 16, 2008.
2. Proposals due at 2:00 p.m. on Wednesday, February 4, 2009.
3. Sealed Proposals will be opened at 2:15 p.m. on February 4, 2009.
4. Board of Education action on Monday, February 16, 2009.
5. Notification to all firms as soon as possible after February 16, 2009.
6. Preliminary audit work for FYE 2009 to be conducted during a mutually agreeable time for all audits.
7. Audit for FYE 2009 to be conducted during July or August 2009 and at a mutually agreeable time for subsequent year audits.
8. Financial Statements completed for distribution in September following each fiscal year end.
9. Presentation of Financial Statements to the Board of Education during October of each year.

FIRM/AUDITOR QUALIFICATIONS:

- The firm must maintain a sufficient number of professional staff in order to provide adequate technical expertise and depth.
- The firm and the partner assigned to the district must have considerable experience in auditing K-12 public school districts within the State of Michigan.
- The auditor is expected to be familiar with the types of policies and procedures school districts follow. (Policies and procedures specific to Bay-Arenac ISD will be available to the auditor for review.)
- The auditor will provide a profile of the professional responsible for the overall management of the audit. The auditor must be fully informed regarding generally accepted accounting principles and auditing procedures including those in the development stages and those identified below under Audit Information - Accounting Basis.
- The firm shall identify the audit manager, field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for the audit manager, field supervisor(s) and partner in charge of the engagement should be included with the proposal.
- Assurance must be given that during the course of the life of the three-year contract there will be some continuity in the assignment of audit staff. It is to the mutual interest of the district and the audit firm that there not be dramatic changes in audit staff every year.
- The firm's professional staff must be trained specifically in auditing and accounting for school districts.
- The firm must be actively involved in school related organizations.
- All assistants must be properly trained and supervised and the work adequately planned.
- The firm must have an excellent reputation for service in school district auditing.
- A minimum of \$1,000,000 Errors and Omissions Insurance. (The successful firm may be required to provide the district with a certificate of insurance to verify this coverage.)

AUDIT INFORMATION:

1. Accounting Basis –

- Bulletin 1022 (Revised)
- Public Act 621 of 1978 (Uniform Budgeting)
- GAAFR statements and restatements

- Governmental Accounting Standards Board – Pronouncements and Interpretations
- U.S. General Accounting Office – Government Accounting Standards, as amended (Yellow Book)
- Single Audit Act of 1984, as amended
- GASB Exposure Letters
- GASB 34
- Michigan School Audit Manual as issued by the Michigan Department of Education
- Any other required Federal, State, cognizant agency, and/or professional standards applicable to this engagement including AICPA.

2. Audit Timeline –

- Audit to commence in July 2009, 2010 and 2011 at such time as mutually agreed upon but not later than August of each year.
- Audit to be complete by September 15th of each year.
- Audit documents to be delivered to the district by October 10th of each year in order to meet audit deadlines set by the Michigan Department of Education.
- Audit to be presented to the Board of Education in October of each year.

AUDIT REQUIREMENTS:

1. Scope –

The services to be provided are a comprehensive annual audit of all district funds, functions, and activities and account groups. The examination shall meet Federal, State and Local requirements in accordance with pertinent laws, regulations and contracts for the period being audited. Statement shall include comparison of budget to actual and variance for all budgeted funds. Funds to be audited are as follows:

Fund	2007-08 Revenues	2007-08 Expenditures
General Education Fund	\$4,672,125	\$4,314,864
Special Education Fund	\$20,297,115	\$18,797,782
Vocational Education Fund	\$9,565,422	\$11,317,679
Debt Retirement Fund	\$316,881	\$316,881
Trust and Agency Fund	\$290,614	\$235,956
Capital Projects	\$5,601,882	\$4,713,116
TOTAL	\$40,744,039	\$39,696,278

NOTE: The capital projects fund will be closed at the end of the 2008-09 fiscal. It will only need to be audited during the first fiscal year of the 3 year period.

AUDIT REQUIREMENTS (CONTINUED):

In addition, the district maintains the following account groups:

Account Group	Description	Value
General Fixed Asset	Land, buildings, equipment, furnishings and vehicles	\$13,389,806
General Long-Term Debt	Durant Bonds, Debt Bonds, Compensated Absences	\$4,141,216

2. GASB 34 –

The district will be required to implement GASB 34 for fiscal year ended June 30, 2003. In preparation for implementation for GASB 34, the district does not currently have a general fixed assets group of accounts with records of accumulated depreciation for assets. Assistance in implementing changes resulting from pronouncements and/or changes made by the Governmental Accounting Standards Board such as GASB 34 for fixed asset accounting will be required.

3. Financial Statements –

Upon completion of the field audit work and final adjustments to the general ledger, the district will prepare the comprehensive financial statements for the auditor to review and express their opinion.

4. Reporting –

The auditors will report the following information to the Superintendent of Schools and the Bay-Arenac ISD Board of Education:

- Internal accounting control based solely on a study and evaluation made as part of the audit of the general-purpose financial statements.
- Compliance with laws and regulations that may have a material effect on the financial statements.
- Supplementary schedule of our federal financial assistance program.
- Accounting and administrative internal controls used in administering federal financial assistance programs.
- Compliance with laws and regulations applicable to federal financial assistance programs identifying all findings of noncompliance and questioned costs.

4. State Aid –

The auditor is expected to conduct a 100% state aid audit/reconciliation for all sections of the State Aid.

5. Taxes –

The auditor is expected to conduct a 100% tax audit/reconciliation, including all “off-the-roll specific taxes” such as Industrial and Commercial Facilities Taxes. The district levies taxes on the summer and the winter roll.

6. Other requirements –

- Personal presentation of the final report to the Board of Education by an audit manager or partner of the firm.
- Assistance in correcting errors and procedural shortcomings identified during the audit.

AUDIT REQUIREMENTS (CONTINUED):

7. Audit plan –

The auditor will be required to use a comprehensive audit plan and, to the extent permissible, must be willing to review this plan with the district. The plan should cover the study and evaluation of the internal controls and the test of records to the extent necessary by the degree of such reliance. It is assumed that many of the

tests will be conducted by a sampling of the records maintained in the files. It is understood that the auditor is responsible for the auditing procedures that in his or her professional judgment must consider the materiality of the audit area, the relation to specific standards and the relation to expressing an opinion on the statements as a whole. District officers should be consulted when such judgments result in a disproportionate amount of effort being expended on a particular subject.

8. Communication –

The auditor will maintain regular contacts and meetings with the district administrators and other personnel including but not limited to:

- Engagement planning meeting
- Progress reports
- Closing review meeting
- Changes that would affect the reporting requirements of the school district
- Sharing of innovative methods and procedures that may warrant district investigation and/or consideration
- Newsletters or other method of regular communications containing information with specific benefit to school districts

9. Numbers of copies of auditor's reports –

The auditor shall furnish the school district with 20 copies of the Comprehensive Annual Financial Report and Single Audit Report. In addition, the auditor shall furnish and send the requested number of copies for submission to each federal, state (and county) agency as may be required.

10. Additional data –

Please provide any additional information or data which you feel is relevant and may be helpful in the selection process such as references from current/past school district clients.

METHOD OF EVALUATING PROPOSALS

Proposals will be evaluated with a strict emphasis on quality. The federal government has the authority to review the audit report and audit work papers to ascertain the quality of the audit. In response to a deficient audit, the cognizant agent or its designee of the federal government can disallow the cost of the audit as an allowable cost of a federal grant, such as Title I. Furthermore, the constituents of Bay-Arenac ISD expect quality stewardship of all available resources. As such, the primary emphasis of procuring audit services will be the quality of technical factors of the audit firm. Attributes that will be analyzed include, but are not limited to:

- Number of governmental entities audited by the office of the proposing CPA firm
- Firm governmental resources available
- Involvement in school related organizations
- Training of personnel in government and federal grant auditing
- Quality of staff included in assignment
- Reference responses
- Maintenance of a secondary partner on the engagement
- Internal quality control procedures and external quality control reviews

After the technical qualities have been evaluated, cost and other considerations will be evaluated. Once all factors have been evaluated, the audit firm that is most qualified and reasonable in cost will be selected for recommendation to the Board of Education.

AUDIT PROPOSAL FORM

Please complete and return this proposal form with any additional information you feel is necessary to help us evaluate your firm. **Proposals are due by 2:00 p.m. on Wednesday, February 4, 2009.**

Qualifications

1. Location of the office that will be performing the audit for Bay-Arenac ISD

For the year ending June 30, 2009 _____

For the year ending June 30, 2010 _____

For the year ending June 30, 2011 _____

2. Number of Michigan school district audits that your firm conducted in each of the last three years. Please attach a list of school districts.

Year ending June 30, 2006 _____

Year ending June 30, 2007 _____

Year ending June 30, 2008 _____

3. Number of other governmental (fund accounting) audits your firm has conducted in each of the last two years.

Last year _____

Prior year _____

4. Provide a list of your firm's involvement in school related organizations.

5. Please list specific school district audit training supplied to your staff in the last two years.

6. Number of total audit staff. Do not include tax, consulting services or clerical personnel.

Number of audit staff _____

Number of audit staff with CPA certification _____

7. Number of staff as defined in the question above who were directly involved in a significant portion of the audit of a school district in the last two years. _____

8. What type of consultation do you provide to the school district on an annual and ongoing basis at no additional cost?

9. Provide a synopsis of other management consulting services available with the number of staff specifically assigned to each. List examples of studies you have done for various school districts.

10. Indicate other services that you provide to your clients.

11. Fees –

Base audit cost:

For the year ending June 30, 2009	_____
For the year ending June 30, 2010	_____
For the year ending June 30, 2011	_____

Hourly rates for consulting services beyond the scope of the ordinary consultation services included in number 10 above.

Name of Firm: _____

Address: _____

Telephone: _____

(Please Type or Print) Name of Person in Charge of Audit

Title

Signature

Date